

Pick-Up Savings System To Improve The Financial Management Capabilities Of Village Communities

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Abstract:

Public financial management in rural areas is still short-term oriented. They still prioritize today's needs. Meanwhile, planning to meet long-term needs is often neglected. As an economic institution at the village level, a village-owned business entity was established to improve the economic welfare of the village community. One of the efforts made is to increase awareness of saving behavior. However, the behavior of the village community in saving is often short-term oriented, so that most village people have not been able to manage finances to anticipate their financial problems in the future. Therefore, research on the role of BUMDes as a village-scale economic institution in improving the financial management capacity of the village community is very important. The purpose of this study was to find out how the role of village-owned business entities in improving the ability of community financial management through savings products with a savings pick-up system. This research uses a qualitative approach with a case study method at the Village-Owned Enterprises (BUMDes) Pakandangan Emas. Data collection techniques were carried out through interviews and field observations. This study found that the sharia savings business unit in the Pakandangan Emas BUMDes can shape people's behavior in long-term oriented financial management. This behavior is formed mainly through a savings system that is directly picked up by the community. This system effectively improves people's behavior to get used to saving as their future planning.

Keywords: Village-owned enterprises, financial management, the village community, financial literacy

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INTRODUCTION

Institutional organizations can influence and shape people's behavior. Institutional organizations at the village level have roles and functions to improve the welfare of the village community. One of the institutional organizations at the village level is a village-owned enterprise (BUMDes). Community welfare can be measured in many ways, such as through the volume of contributions at the community level. BUMDes was formed based on Law Number 6 of 2014 concerning Villages. The Village Government has the authority to regulate its own household, one of which is that the Village Government has an interest in improving community welfare and the quality of human life as well as poverty alleviation through fulfilling basic needs, developing village facilities and infrastructure, developing local economic potential, and utilizing natural and environmental resources. In a sustainable manner in the Village, it is necessary to explore the local potential that exists in the Village. To achieve this goal, the Village is the leading agency that can reach the real target group who wants to be prosperous, namely by forming a Village-Owned Enterprise (Ramadana et al., 2019). Together with community leaders, the Village Government agreed to establish a Village Owned Enterprise (BUMDes) as a village economic institution.

BUMDes, according to Law Number 6 of 2014 concerning Villages is a business entity whose entire or most of the capital is owned by the Village through direct participation from

Village assets which are separated in order to manage assets, services, and other businesses for the maximum welfare of the Village community.

This law defines village community empowerment as an effort to develop community independence and welfare through increasing knowledge, attitudes, skills, behavior, abilities, awareness, and utilization of resources through the utilization of policies, programs, activities, and assistance following their authority, with the essence of the problem and the priority needs of the villagers (Badaruddin et al., 2020). Kushartono (2016) states that the existence of BUMDes cannot be separated from the village community, because all activities carried out by BUMDes are related to the welfare and economic development of the village community. The development of BUMDes needs to be carried out so that existing BUMDes can function according to their roles. BUMDes goals and objectives can be achieved if BUMDes are managed in a directed and professional manner. BUMDes as a social entrepreneurship organization does not only focus on the ability to generate profits but also the ability to empower the community so that they have the independence to create equitable welfare (Wulan & Hermanto, 2019)

BUMDes is one of the institutions in the Village formed by the government to encourage the creation of village economic improvements. BUMDes, as a village economic institution, plays a role in shaping the financial behavior of the community. In addition, BUMDes carries out its function as an economic institution by utilizing the potential of the Village for the welfare of the village community. Village potential is the power, strength, ability, and ability possessed by a village that can be developed to improve community welfare (Soleh (2017)). Broadly speaking, village potential can be divided into two, namely physical potential and non-physical potential. The physical potential is the potential related to natural resources in the Village in the form of land, soil, water, climate, geographical environment, livestock, and human resources. The non-physical potential is all potential related to the village community and their behavior. Other non-physical potentials are village institutions, village apparatus, customs, and culture. A village community that lives for a long time will form its own way of life. However, the village government has so far focused on the natural resources in the Village and has not maximized the potential of the community (non-physical) to improve the welfare of the village community. The ability of the community to manage personal finances is one of the non-physical forces that can support the welfare of the community. However, limited public knowledge in long-term financial management planning is still commonly encountered in village community life.

Financial planning and management are important to achieve goals. The habits of the village community in managing finances, in general, have not been oriented to long-term goals such as preparing for wedding expenses, hajj and umrah costs, and education costs. Today's needs are still a priority for public financial management. In general, people manage their finances by setting aside their income for two purposes, first for consumption purposes, and second for savings purposes. However, management for savings is often still short-term oriented, so that most village communities have not been able to manage finances to anticipate their financial problems in the future. Simple and effective financial management is very important so that they avoid financial problems in the future. Knowledge of simple and effective financial management is needed for people to manage their daily finances. Financial knowledge is very beneficial in doing financial planning.

The higher the level of financial knowledge in the village community, the higher the financial management ability of the village community (Swiecka et al., 2020). The strong efforts of the Village economy to improve the financial well-being of its people have contributed to the increase in financial literacy as it equips individuals to make quality financial decisions to improve their financial well-being. That is why several organizations have attempted to increase the level of financial knowledge of the people (Garg & Singh, 2018). Financial literacy is knowledge and understanding of financial concepts and risks and skills, motivation, and confidence to apply knowledge and understanding to make effective decisions (Lusardi, 2019). Community welfare is a measure to determine the level of people's ability to meet their needs.

What is meant by the necessities of life are everything that humans need which includes food, clothing, housing, health, education, entertainment, and so on (Karyaningsih & Wibowo, 2019).

Financial services such as paying for electricity, water, BPJS, and so on have become the needs of the village community. However, village communities have difficulty accessing financial services in their villages. So that dues and obligations that must be paid regularly are difficult to pay on time. It is because the availability of financial services in their Village is still low. In addition, individual behavior in managing finances is related to individual financial responsibilities. Financial responsibility is the process of managing finances and other assets in a way that is considered productive (Purwidiani & Mudjiyanti, 2016). One effective way that makes it easier for individuals to manage their finances is through saving activities. However, village community residences, which are far from financial services, are obstacles in shaping community behavior to get used to saving. Therefore, research on the role of BUMDes as a village-scale economic institution in improving the financial management capacity of the village community is very important.

METHODS

This research uses a qualitative approach with a case study method at the Village-Owned Enterprises (BUMDes) Pakandangan Emas. The informants of this research were the Director, Pakandangan BUMDes employees, and the Pakandangan Village community. The research location is the Village Owned Enterprise of Pakandangan Emas, which is located in Padang Pariaman Regency, West Sumatra. The reason for choosing this object is that the Pakandangan Emas BUMDes is one of the BUMDes still operating in the Padang Pariaman Regency. In addition, the Pakandangan Emas BUMDes have received many achievements. The limitation of the problem in this study is that this research is focused on looking at the role of BUMDes in improving the financial management capacity of the village community. The data collection technique in this study was direct interviews with research subjects. Data analysis is carried out by compiling data that has been collected in a systematic and detailed manner so that the data is easy to understand and can be clearly informed to other parties. Furthermore, the researchers made a discussion of these data.

RESULT AND DISCUSSION

One of the objectives of establishing the Pakandangan Emas BUMDes is to empower the village economy and form a positive character in the community so that they are diligent in saving. Thus, BUMDes Pakandangan Emas helps the community to solve the community's economic problems. This situation can be achieved by forming positive character as the main goal so that everything that is done is based on education (Nursaptini et al., 2020). There are various types of sharia savings products at the Pakandangan BUMDes, including education savings, urban savings, and like-like savings. With the existence of a sharia savings business unit that the Pakandangan Emas BUMDes run, more and more people are interested in saving, both for the educational needs of school children and for qurban savings. The impact of the existence of BUMDes can be seen from the economic side, because the life of BUMDes is the economic empowerment of the community, as said by the Director of BUMDes:

"The impact of the existence of BUMDes is from an economic perspective, because it is a business entity... BUMDes is an economic empowerment of the community."

The purpose of BUMDes is to form a positive character in the community so that they are diligent in saving. Helping the community to solve economic problems, one of which is the problem of education costs. As stated by the BUMDes management below:

savings, people are trained to save because we make deposits picked up, right? ... even like education savings, for example, you can take it once in 6 months, so when you take it at the end of the semester, you can buy children's books. The system run by the Pakandangan Emas BUMDes sharia savings business unit is not like the system run by the Bank. The Pakandangan Emas BUMDes hold deposits that are taken directly from the community, which are run from house to house by the Pakandangan Emas BUMDes management. It is to make it easier for customers to save and not incur transportation costs to save. The Pakandangan Emas BUMDes does not apply an administrative fee every month, so customers do not worry about their savings decreasing. Customers are only charged a withdrawal fee by the Pakandangan Emas BUMDes sharia savings business unit as a service because they have deposited money in the Pakandangan Emas BUMDes.

"We see that in the community, if we are like people who deliver here, it is the same as the banking system. For example, this person wants to save 5000, and it will be delivered too, that is the hard part. That is what you want to see. The cost to the Bank alone is more than 5000 a day."

Not only savings for education, but BUMDes also provides savings for people who want to collect money for qurban. It encourages people to become customers in the sharia savings unit. As stated by the BUMDes management below:

"or taqwa savings for kindergarten children's qurban, for example... you can take it once a year."

The community also feels the impact of the sharia savings business unit, including that the community can save for future needs, the community can pay BPJS contributions, electricity, water, and others. In addition, when saving in a sharia savings unit, customers are not charged an administrative fee per month, but customers are only charged when withdrawing money. As stated by one of the villagers:

"The ease that you feel, when you pay for the electricity you can go there, BPJS can also be there... when you withdraw, the administrative costs will be cut"

The community in Pakandangan Village also said that a sharia savings business unit made it easier for people to save without any monthly fees. It is very beneficial for the people of Pakandangan Village because the savings can be taken at any time or when the community needs them. Many customers have benefited from this type of savings because dozens of customers have fulfilled their dream of making sacrifices from this type of savings. As stated by the BUMDes management:

"There are no people who have left because those who save are still small, their savings are not maximized...there are tens of people who make sacrifices every year... if each of the savings is of various kinds, there are 1 million and 500 sans... if this ziswaf deposit is in the form of infaq and sadaqah, so not so much nominal that can be collected from this ziswaf deposit. There are no marriage savings yet."

Most of the funds from customer savings are kept for reserve funds. Some of the funds from the public savings were used to increase the capital of agricultural business units and waste banks. As stated by the BUMDes management:

"Some of it we play, some of it dominantly we save... the most that is like-like savings, savings are at any time we have to stand by the funds right."

The number of active customers in this savings business unit is approximately 300 people. The largest number of customers participating in this sharia savings unit is the likes and dislikes of

savings because like-like savings are more practical because they can be taken at any time without a time limit, especially for urgent needs.

"Usually, if the public... likes savings... they take it. Dominant likes. For example, customers who have aqiqah savings, have finished their aqiqah, and replace them with free savings because they still want to save."

Many benefits are obtained by the community from this sharia savings business unit, including the community easily getting financial services around their place of residence. In addition, it shows that BUMDes, with its sharia savings business unit, has played a very important role in shaping people's behavior in managing long-term oriented finances.

CONCLUSION

The habits of the village community in managing finances, in general, have not been oriented to long-term goals such as preparing for wedding expenses, hajj and umrah costs, and education costs. Today's needs are still a priority for public financial management. In general, people manage their finances by setting aside their income for two purposes, first for consumption purposes, and second for savings purposes. However, management for savings is often still short-term oriented, so that most village communities have not been able to manage finances to anticipate their financial problems in the future. This study aims to determine the role of BUMDes in improving the welfare of the village community through increasing the financial management capacity of the village community. BUMDes in the province of West Sumatra is also called BUMDes (Village Owned Enterprises). Village-Owned Enterprises are Village-level economic institutions, which carry out their activities using the social enterprise business model.

BUMDes is one of the institutions in the Village that plays a role in shaping the financial behavior of the community. The sharia savings business unit in the Pakandangan Emas BUMDes can shape people's long-term-oriented financial management behavior. This behavior is formed mainly through a savings system that is directly picked up by the community. This system effectively improves people's behavior to get used to saving as their future planning. This sharia savings business unit really helps the community more easily manage their finances for their daily needs, savings, or investment.

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